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# Italy

# Solid Wood Products

# Annual

# 2000

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**Report Highlights:** Total Italian imports of forest products, including wooden furniture, were valued at $ 4.8 billion in 1999. Italy continues to be the most important European market for American hardwood lumber, with total U.S. forest product imports amounting to $205 million. An improved construction market in Italy and the weak euro, which has helped exports, have created a positive trend for the Italian wood sector. The strong dollar has hurt U.S. exports of softwoods, but the demand for U.S. hardwoods has remained fairly stable.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

Although Italy's forestry reserves are limited, the forest products and furniture sector continues to play an important role in the Italian manufacturing industry. As a result of their expertise and reputation, Italy is one of the major exporters in the world of finished and semi-finished forest products. During 1999, the two sectors employed about 400,000 workers in 90,000 companies, mostly small to medium sized firms, with a total turnover of about US $37.3 billion. A large majority of the raw materials used for manufacturing finished products are imported. Total Italian imports of forest products, including wooden furniture, were valued at $ 4.8 billion in 1999 while exports of forest and wood products, mainly furniture and furnishing, totaled $11.03 billion.

Because of the relative weakness of the euro, the Italian furniture manufacturing sector has a positive outlook for exports in the near future. The industry is making use of this advantage and is making special efforts to find new, and expand old export markets for their furniture. The sector is also turning its attention again to the domestic market, which began to improve in the second half of 1999 following several years of stagnation. In addition, a stronger economy has led to consistent improvements in housing starts and in upgrading of existing housing stock. Preliminary data for 2000 show that this positive trend will continue, which will provide additional support for the wood sector.

In 1999, Italy remained the number one market for U.S. hardwood lumber and preliminary data for calendar year 2000 show that U.S. exports to Italy should remain good for hardwood lumber and logs. Exports, however, of U.S. softwood panels and other value added wood products to Italy have declined dramatically. The major reason for the decline is the strength of U.S. dollar which is making these types of U.S. wood products uncompetitive with other suppliers. Compounding the problem are high levels of stocks in Europe from trees that fell during the extremely strong winds that hit several European countries last December.

Opportunities still exist for U.S. value-added wood products, particularly components for furniture, windows and semi-finished elements for pallets, but the market will continue to be limited unless the euro becomes stronger relative to the dollar. In addition, in order to be more competitive, especially in this tight market, U.S. lumber suppliers need to be more aware of the Italian perception of quality. To the Italian manufacturer, quality is much more than accurate grading. Import decisions are also based on other factors including dimension accuracy, consistent supply and customer service. The Italian product is known for its high quality, and by meeting the manufacturers needs as closely as possible, can help U.S. exporters offset their foreign currency disadvantage.

Per capita wood consumption is still very low in Italy even though it did increase some in 1999 due to the increase in the investment in the construction sector. Per capita consumption is estimated at 0.09 cm compared to a European average of 0.35 cm.

A new wood promotion agency, Promolegno Italia, has recently been formed with the cooperation of Austrian Wood Promotion Board (Proholz), the Italian TimberTrade Association (Fedecomlegno), the Wood Industries Association (Federlegno) and the Italian Agent Association (Agelegno). The target of this organization is to overcome the traditional obstacles to wood utilization and to promote its use as a construction material in renovating existing structures and in the use in new roofs.

One U.S. dollar equals 1,819 Italian Lire (1999 average)- Source: U.S. Treasury, Rome.

## ITALIAN ECONOMIC OUTLOOK

### General Overview

Italy's economy, the third largest in western Europe, had been relatively idle for several years but finally began to improve toward the end of 1999. Italy had trailed many of its European partners in economic terms throughout the past decade, and output growth slowed further in the first half of 1999 as imports accelerated and exports continued to fall. During the last part of 1999 GDP grew 0.9 on the second quarter, the fastest rate in more than two years. The improvement made 1999 growth reach the official target of 1.4 percent in 1999. Helped by the global recovery and a competitive euro, Italian exports were up by 3.8 percent in the third quarter of 1999, fueling a 6 percent increase in industrial production.

The Italian economy in 2000 is expected to continue to grow by a little less than 3 percent thanks to both domestic and export demand. Inflation is expected to be around 2.6 percent while the unemployment rate reached 10.7 percent. The majority of the unemployed are located in southern Italy and, ironically, a shortage in the labor force in the northern regions limit manufacturing potential.

Despite the increase in exports for the first time since 1992, Italy will import more than it exports due to a hike in world oil prices compounded by the further weakening of the euro. However, the outlook for the Italian economy for the coming year remains favorable, despite continued concerns over the high price of oil and the weakening of the euro.

## PRODUCTION

### Forest Situation - The Italian Forest Resources

Italy's total forest resource base remains inadequate to meet growing local demand. To date, Italy has not yet formulated a reliable long term strategy for wood as a renewable raw material. Currently, domestic wood production covers only a quarter of the country's requirements forcing the industry to rely heavily on imports.

The overall forest area has remained essentially stable (+3% during the last 10 years) and no significant changes are expected in the near future. Italy has more hard than softwood growth and an extensive presence of coppice stands.

Italy's forests, containing mainly chestnut, cypress, oak, pine and fir trees, are concentrated in the North of the country. The following species are being utilized as timber:

Softwood: 64% red and white spruce; 25% pine; 9% larch
Hardwood: 66% poplar, 22% chestnut; 4% beech and 8% various oaks.

Poplar is the only species that is grown using managed forestry practices. Acreage covered with this species accounts for only about 1 percent of the total forested area but produces about half of all harvested domestic wood output. Poplar production is tied to the agricultural economy with new plantings usually being performed only on land abandoned or otherwise removed from agricultural production. Current production includes more than 40,000 plantation/farms that cultivate about 100,000 hectares. Poplars are fast-growing trees which have been particularly valuable for the production of cellulose. However, the center part of the poplar logs is currently being used by the plywood and packaging industries (for horticultural crates) while the less valuable parts are being used by the particle board industries.

Italy's forests are at risk of fire damage as a result of the weather, particularly in the south with its exposure to strong, dry, Mediterranean winds. During 1999, there were 9,932 fires which destroyed about 40,000 hectares of forest land.

About 22,000 ha of plantation and natural forests are currently certified in an European program that calls for re-planting of harvested timber.

Wood Sector

The wood sector in general includes companies involved in activities ranging from tree cultivation and harvesting, wood lumbering and wood trade to the production of furniture, frames and joinery. As in many other foreign countries, the distribution of wood from forest to home is under constant change. The most noticeable trend is one of merger and acquisition, creating new and larger companies with massive investments, and an ever-tightening grip on the supply chain. However, this trend is not moving as quickly in Italy as in some other countries. The wood/furniture sector in 1999 employed about 400,000 workers in 90,000 companies - forming one of the foremost sectors of the national economy. Because of heavy tax burdens on large companies, there is not the same incentive as in other countries to merge with the result that most of the Italian companies are expected to remain small and often privately owned.

In the last several years, more than half of the larger companies in the sector (those with more than 20 employees) have undergone technical and structural changes in order to improve the quality of their products so that they can attract new customers, and be more competitive and flexible based on the dictates of the foreign markets. As a result of these improvements, as well as the weak euro, the wood/furniture manufacturing sector made up for the period of stagnation from the previous several years during the second half of 1999. Part of the improvements were due to improved domestic purchases of wood products for the construction and furniture sectors. However, the overall trade balance worsened compared to last year due to reduced furniture exports to Asian markets and Russia.

As previously mentioned, domestic wood consumption increased mainly due to expanded investment in the construction sector, aided by generous tax advantages offered by the state for the renovation of older buildings.

Table: Wood-Wood Products and Furniture Sectors

| | Units | 1998 (1U.S $ =Lire 1737) | 1999 1U.S $ =Lire 1819) |
|---|---|---|---|
| Turnover (a) | Million US $ | 38,107 | 37,328 |
| Exports (b) | Million US $ | 11,500 | 11,029 |
| Wood and wood Products | Million US $ | 1,365 | 1,374 |
| Furniture and Furnishing | Million US $ | 10,135 | 9,655 |
| Imports (c) | Million US $ | 4,619 | 4,767 |
| Wood and wood Products | Million US $ | 3,611 | 3,617 (*) |
| Furniture and Furnishing | Million US $ | 1,008 | 1,150 |
| Internal Consumption (a-b+c) | Million US $ | 31,226 | 31,066 |
| Exported Products (% b/a) | Percent | 30.2 | 29.5 |
| Total Employees | Units | 407,600 | 411,644 |
| Employees (firms with >20 ) | Units | 125,090 | 126,915 |
| Total Firms | Units | 88,500 | 88,937 |
| Firms (with > 20 employees) | Units | 3,104 | 3,116 |

Source: Federlegno Arredo, Milan

TRADE

Overview/Outlook

Italian imports of timber and wood products in 1999 continued the positive trend from the previous year both in value (+ 5% in lire terms) and quantity (+ 2percent). (Note: The value in US dollars has changed little, as seen in the table above (*), due to the increased strength of the dollar). Imports of both soft and hardwood lumber increased while tropical lumber registered a decrease of 5 percent in value and 10 percent in volume.

Table: Italian Imports in the Wood Sector

| | Quantity CM | % 99/98 | Value Ml U..S. $ | % 99/98 |
|---|---|---|---|---|
| Logs | 4,955,000 | -4 | 517 | -4 |
| Lumber | 7,714,461 | + 8 | 1,707 | 6 |
| Panels | 637,302 | -4 | 103 | -8 |
| Wood Products for the construction Sector (Flooring, Doors Windows) | 200,873 | 30 | 286 | 29 |

Source: Federlegno Arredo, Milan

Austria is by far the major supplier of timber for the Italian market, although exports during 1999 decreased from 66.7 percent to 62.5 percent.

Despite the strong dollar, Italian imports of U.S. forest products have remained strong. The total value of U.S. imports, excluding wood pulp, amounted to US$ 205 million in 1999. In the first eight months of 2000, trade statistics show that U.S. forest exports improved by 2.6 percent, despite a considerable reduction of softwood (douglas fir, hemlock and yellow pine), panels and other value-added wood products. Some of the reasons for these decreases are the strong dollar, high commodity prices of some US species, and the success of European produced wooden panels, which are tailored to European customers' preference. U.S. hardwood exports to Italy have not suffered, as previously feared, from the sudden and massive supplies of round wood that hit the market as a consequence of the severe storm which hit Europe in December 1999. A high demand for round wood, along with problems in recovering quality wood from the storm damaged trees, helped keep the market strong.

Forecasts are that US forest exports to Italy should remain stable despite ongoing complaints about the strength of the U.S. dollar. However, the raw material cost of a manufactured item (furniture, windows, floor) accounts for only 20 percent of the finished product. It is reported that the recent dollar increases for raw materials have only increased the final cost by 3.5%, which is considered acceptable considering that most of the manufactured items are for the export market and producers can easily offset this higher cost in other areas of production.

Competition

African hardwood exports are quoted and paid in French francs and, as a result, have benefitted from the strong dollar with improved exports to Europe. In the long-run, African species could be competitive with some American hardwood species as well as with some Asian species such as meranti and ramin. There are reports that a few Italian companies are shifting some of their production operations to tropical countries to take advantage of this price difference. Competition from tropical hardwoods and mostly Eastern European temperate hardwoods suppliers will are also providing challenges to the Italian hardwood industry. In preparation for accession to the European Union, many of the wood industries in central and eastern Europe are modernizing their production technologies to meet western European standards as well as increasing their production capacity, particularly in the field of drying and grading.

Hardwood lumber produced in Italy, although in small quantities, is being sold to China and Hong Kong. In addition, Italian sawmills have been taking advantage of the sudden and massive supplies of round wood currently available in Europe due to the damage from hurricane Lothar at the end of last year.

Last December the Russian Government levied a tax of 10 percent on all exports as part of a move to raise cash for the interest payments on IMF loans. This extra burden on the Russian mills has discouraged some European trade. Presently, however, there are some offers coming out of Russia from well-known producers, much of it packaged to length specification, which is becoming a strong selling feature of some Russian mills. These companies are able to provide products that consistently match end-user length requirements, particularly for joinery, architraves and decking timber. Reportedly, there are also a number of newly formed entities with cargoes for sale, where the quality and origins of the wood might be regarded as dubious. Italian traders are closely following Russian political policy toward the domestic market and any movement toward providing aid to the estimated 25 million people who live in substandard conditions. An upgrade of their housing could create a massive internal demand for construction materials, which would include a benefit Italian exports, particularly for softwood products.

Competition also comes from solid hardwood substitutes such as MDF panels which at times are covered by non wood material and non wood veneer. As a result, the Italian furniture manufacturers are implementing a "real wood" logo in order to differentiate their products from the cheaper products. The amount of imitation wood furniture products entering the market has been increasing steadily over the years. As a result, the consumer who thinks he is buying real wood furniture is often buying imitation instead. Consumers usually rely on the reputation of the shop or manufacturer and do not know how to verify the quality of the wood used. For their part, retailers see no benefit in informing their customers that materials other than real wood were used to manufacture the products. In general, prices will be comparable for both types of products.

Market Development Strategies - Tips for U.S. exporters interested in the Italian/European market:

U.S. manufacturers who wish to be more competitive in Italian markets should shift from traditional production-oriented manufacturing of industrial commodity products to more market-oriented production of specific products. Italian companies put a high premium on quality and customer service, despite the commensurate increase in cost. Often, the quality of a U.S. product is not significantly better than that of other producers. By meeting the demands for specific products, U.S. companies can overcome the disadvantage of the strong dollar. U.S. manufacturers can also improve their image as suppliers of higher value added products by learning more about the market and meeting the customer-specific demands for quality, size, and customer assistance.

Italian companies also value face-to-face interaction and long-term business associations. The quality of product and superior technology of the U.S. wood sector should allow the U.S. exporter to develop long-term strategies to attract loyal customers as opposed to looking for short-term sales. Part of this is to keep export prices as stable as possible. Every time the timber price fluctuate sharply, timber loses a share of the market in favor of PVC, MDF or other materials. U.S. exporters should also promote products that are less price sensitive. With Italy being one of the largest producers of furniture in the world there are many opportunities for increased U.S. exports of value-added wood components for the furniture industry.

One way to educate the Italian importer to the quality, variety, and specifications of U.S. products would be to conduct technical seminars in association with the Italian wood trade association. Joint wood promotional programs may also be possible with the Austrian-Italian wood promotion organization “Promolegno”.

PSD TABLES

TEMPERATE HARDWOOD LUMBER

| PSD Table | | | | | | |
|---|---|---|---|---|---|---|
| Country | Italy | | | | | |
| Commodity | Temperate Hardwood Lumber | | | | 1000 CUBIC METERS | |
| | Revised | 1999 | Preliminary | 2000 | Forecast | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/1999 | | 01/2000 | | 01/2001 |
| Production | 740 | 740 | 740 | 800 | 0 | 800 |
| Imports | 1420 | 1635 | 1420 | 1600 | 0 | 1650 |
| TOTAL SUPPLY | 2160 | 2375 | 2160 | 2400 | 0 | 2450 |
| Exports | 50 | 187 | 50 | 190 | 0 | 120 |
| Domestic Consumption | 2110 | 2188 | 2110 | 2210 | 0 | 2330 |
| TOTAL DISTRIBUTION | 2160 | 2375 | 2160 | 2400 | 0 | 2450 |

CONSUMPTION - Utilization Patterns

Italy’s furniture and furniture component industry provides an ample market for hardwood. Consumption is expected to be stable providing the export performance of the furniture industry and the domestic demand remains good.

Italian furniture manufacturers have long preferred to produce uniform pieces of furniture, without knots, marks and other “blemishes”. As a result of this preference, Italians, more than other European furniture manufacturers, have created a demand for the highest grade of American hardwood providing excellent export opportunities for U.S. suppliers of FAS grade lumber. Italian customers are still very demanding and they are always looking for the best qualities; however, with the expansion of IKEA and other similar type furniture outlets, tastes are changing, particularly with the younger singles and families where cost is more of a factor than quality.

Italian manufacturers are very open to trying new U.S. hardwood species, however, they must be reassured that the supply and delivery time will be consistent and reliable. Some manufacturers do not want to feel "dependent" on the US market because the supply varies significantly based on the demand in the U.S. Furniture manufacturers, who issue annual furniture prices, find it difficult to maintain a stable profit margin throughout the year when exchange rate and production prices are unstable and available import quantities uncertain.

TRADE

The Italian furniture industry sources its raw materials from many countries. It should be noted that import volume from some countries such as Austria, Slovenia and Hungary includes timber that is being re-exported from other eastern European countries. Import data also includes poplar wood destined for the packaging industry.

In 1999, Italy was again the largest European importer for American hardwood lumber, followed by Spain, U.K. and Germany. The main hardwood species imported are: poplar, beech, oak, chestnut, cherry and walnut. Red alder increased by 22 percent reaching 37,800 cubic meters. U.S. export opportunities are found in species not easily available in Europe.

European beech is increasingly used in furniture. Reportedly, some Italian wood manufacturers are sourcing wood domestically or from countries with similar changes in exchange rates.

TRADE MATRIXES

Temperate Hardwood Lumber

Export

| | | | |
|---|---|---|---|
| Export Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Temperate Hardwood Lumber | | |
| Time period | | Units: | 1,000 CUM |
| Exports for: | 1998 | | 1999 |
| U.S. | | U.S. | |
| Others | | Others | |
| | | China/HongKong | 75 |
| | | | |
| | | | |
| | | | |
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| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 0 | | 75 |
| Others not Listed | 90 | | 112 |
| Grand Total | 90 | | 187 |

Import

| | | | |
|---|---|---|---|
| Import Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Temperate Hardwood Lumber | | |
| Time period | | Units: | 1,000 CUM |
| Imports for: | 1998 | | 1999 |
| U.S. | 227 | U.S. | 234 |
| Others | | Others | |
| Croatia | 207 | Croatia | 211 |
| Hungary | 184 | Hungary | 182 |
| France | 78 | Germany | 99 |
| Slovenia | 70 | Bosnia Herzegovina | 95 |
| Poland | 70 | Russia | 90 |
| Russia | 65 | Slovenia | 74 |
| Germany | 60 | France | 73 |
| Austria | 60 | Poland | 71 |
| Bosnia-Erz. | 49 | Austria | 64 |
| Ivory Coast | 48 | Rumania | 55 |
| Total for Others | 891 | | 1014 |
| Others not Listed | 338 | | 387 |
| Grand Total | 1456 | | 1635 |

SOFTWOOD LUMBER

| PSD Table | | | | | | |
|---|---|---|---|---|---|---|
| Country | Italy | | | | | |
| Commodity | Softwood Lumber | | | | 1000 CUBIC METERS | |
| | Revised | 1999 | Preliminary | 2000 | Forecast | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/1999 | | 01/2000 | | 01/2001 |
| Production | 750 | 730 | 720 | 730 | 0 | 730 |
| Imports | 4950 | 5776 | 5250 | 5900 | 0 | 5910 |
| TOTAL SUPPLY | 5700 | 6506 | 5970 | 6630 | 0 | 6640 |
| Exports | 0 | 32 | 25 | 35 | 0 | 40 |
| Domestic Consumption | 5700 | 6474 | 5945 | 6595 | 0 | 6600 |
| TOTAL DISTRIBUTION | 5700 | 6506 | 5970 | 6630 | 0 | 6640 |

CONSUMPTION

The health and well being of all sectors of the timber industry in Italy, as in other European countries, is influenced by the performance of the building and construction sector. After many years of stagnation, renovation and refurbishing of existing houses and buildings, along with re-roofing increased in 1999. As a result, the demand for softwood began to increase and is expected to continue to improve during 2000. The improvements in the construction sector will also feed demand for joinery (doors, windows) as well as interior finishing for molding, flooring and paneling.

European suppliers are becoming more and more aggressive and more competitive and European spruce remains a strong competitor of US species. Austria, Sweden, Finland and Germany supply almost 90 percent of the total European demand. Recent international mergers such as Weyerhaeuser and MacMillan will also have an impact on the softwood trade and prices.

UTILIZATION

Softwood lumber is used mainly in the construction sector (65 percent), furniture (7 percent) and other (28 percent) industries.

TRADE

Once again, Austria had a record year of exports to Italy in 1999 and continued to dominate the Italian market where Italy absorbs 67 percent of Austria's total export. The Scandinavian countries continue to also be very active in the Italian market and are viewed as a long term, reliable supplier for the future. Russia is still encountering many internal economic problems, however, Italian traders consider Russia and at Baltic producers as possible suppliers of quality clear lumber in the future which will have an impact on North American exports to Italy. During 1999, Italy imported 304,000 cm from Russia - is third largest European market after England and Holland.

Italian imports from Germany continued to increase during 1999 (+10 percent in value and 18% in volume).

U.S. exports continued a slow decline. The strong U.S. dollar and the general low softwood prices in the European markets were the major factors that caused the decline.

Austria and Scandinavian countries are very active in the Italian market with various promotions in cooperation with Italian wood trader and agent associations. U.S. companies have sponsored few such promotion programs, although the Italian associations welcome the presence of US association representatives to take part in their in-country activities.

Softwood Lumber

Export

| | | | |
|---|---|---|---|
| Export Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Softwood Lumber | | |
| Time period | | Units: | 1,000 CUM |
| Exports for: | 1998 | | 1999 |
| U.S. | | U.S. | |
| Others | | Others | |
| | | | |
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| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 0 | | 0 |
| Others not Listed | 25 | | 32 |
| Grand Total | 25 | | 32 |

Import

| | | | |
|---|---|---|---|
| Import Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Softwood Lumber | | |
| Time period | | Units: | 1,000 CUM |
| Imports for: | 1998 | | 1999 |
| U.S. | 67 | U.S. | 63 |
| Others | | Others | |
| Austria | 3323 | Austria | 3524 |
| Germany | 529 | Germany | 626 |
| Russia | 276 | Russia | 304 |
| Finland | 267 | Sweden | 248 |
| Sweden | 264 | Finland | 247 |
| Czeck Rep. | 154 | Czeck Rep. | 184 |
| France | 76 | France | 108 |
| Slovak Rep. | 71 | Slovak Rep. | 84 |
| Canada | 62 | Canada | 82 |
| Brazil | 52 | Romania | 47 |
| Total for Others | 5074 | | 5454 |
| Others not Listed | 217 | | 269 |
| Grand Total | 5358 | | 5786 |

TROPICAL HARDWOOD LUMBER

| | | | | | | |
|---|---|---|---|---|---|---|
| PSD Table | | | | | | |
| Country | Italy | | | | | |
| Commodity | Tropical Hardwood Lumber | | | | 1000 CUBIC METERS | |
| | Revised | 1999 | Preliminary | 2000 | Forecast | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/1999 | | 01/2000 | | 01/2001 |
| Production | 115 | 115 | 0 | 117 | 0 | 117 |
| Imports | 290 | 294 | 0 | 310 | 0 | 310 |
| TOTAL SUPPLY | 405 | 409 | 0 | 427 | 0 | 427 |
| Exports | 10 | 11 | 0 | 10 | 0 | 10 |
| Domestic Consumption | 395 | 397 | 0 | 417 | 0 | 417 |
| TOTAL DISTRIBUTION | 405 | 408 | 0 | 427 | 0 | 427 |

TRADE

Tropical hardwood species from African countries during the current year (2000), which were already competitive, are benefitting from the strong dollar since they are quoted in french francs. African tropical hardwoods could erode some of the hardwood lumber market from the US and from the Far East. Italian imports from Asia have already begun decreasing this year due to the weak euro and higher prices in general.

Italy is a major importer of Cameroonian lumber. Species being imports are: Ajus KD (67% ) Ajus green (10%); Sapelli (9% ); Iroko (8.6%) and Doussie (2.5%).

Tropical Hardwood Lumber

Export

| | | | |
|---|---|---|---|
| Export Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Tropical Hardwood Lumber | | |
| Time period | | Units: | 1,000 CUM |
| Exports for: | 1998 | | 1999 |
| U.S. | | U.S. | |
| Others | | Others | |
| | | | |
| | | | |
| | | | |
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| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 0 | | 0 |
| Others not Listed | 16 | | 11 |
| Grand Total | 16 | | 11 |

Import

| | | | |
|---|---|---|---|
| Import Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Tropical Hardwood Lumber | | |
| Time period | | Units: | 1,000 CUM |
| Imports for: | 1998 | | 1999 |
| U.S. | | U.S. | |
| Others | | Others | |
| Ivory Coast | 125 | Ivory Coast | 100 |
| Cameroon | 77 | Cameroon | 87 |
| Indonesia | 37 | Indonesia | 32 |
| Malaysia | 31 | Malaysia | 23 |
| Ghana | 15 | Ghana | 9 |
| Nigeria | 15 | Nigeria | 15 |
| Congo Rep. | 3 | Congo Rep. | 3 |
| | | Gabon | 6 |
| | | Burma | 2 |
| | | | |
| Total for Others | 303 | | 277 |
| Others not Listed | 18 | | 17 |
| Grand Total | 321 | | 294 |

HARDWOOD PLYWOOD

| PSD Table | | | | | | |
|---|---|---|---|---|---|---|
| Country | Italy | | | | | |
| Commodity | Hardwood Plywood | | | | 1000 CUBIC METERS | |
| | Revised | 1999 | Preliminary | 2000 | Forecast | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/1999 | | 01/1999 | | 01/1999 |
| Production | 480 | 465 | 470 | 480 | 0 | 480 |
| Imports | 370 | 359 | 380 | 385 | 0 | 380 |
| TOTAL SUPPLY | 850 | 824 | 850 | 865 | 0 | 860 |
| Exports | 160 | 145 | 160 | 150 | 0 | 145 |
| Domestic Consumption | 690 | 679 | 690 | 715 | 0 | 715 |
| TOTAL DISTRIBUTION | 850 | 824 | 850 | 865 | 0 | 860 |

The PS&D and trade matrices below pertains to total plywood production and trade. No specific data are available for softwood and hardwood plywood.

PRODUCTION

The Italian plywood industry, although modest, is very sophisticated and diverse. The plywood industry is made up of over 60 plants which are located primarily in Northern Italy and is composed mainly of medium to small sized firms who are able to respond to customer's needs by supplying plywood panels in special combinations and in non-standardized measures. The plywood industry mainly uses locally produced poplar. It is still the most profitable market for Italian poplar producers although only 19 percent of Italy's popular output is being utilized for plywood.

High grade plywood is used in the furniture industry. Softwood plywood is used for drawer bottoms, case backs, door skins and shelving. The lower grades of plywood are used in crating, shelving, doors, parts for cars and construction. Because of the high cost of poplar plywood, MDF and particle board are frequently substituted. Also OSB is stealing some of the market share from plywood.

The demand for U.S. structural panels could improve due to the increased construction activities in Italy. Remodeling of existing buildings remains a good potential outlet for U.S. structural elements.

Italian production of total plywood was stable during 1999 (+0.3%).

Hardwood Plywood

Export

| | | | |
|---|---|---|---|
| Export Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Hardwood Plywood | | |
| Time period | | Units: | 1,000 CUM |
| Exports for: | 1998 | | 1999 |
| U.S. | 1 | U.S. | 2 |
| Others | | Others | |
| Germany | 89 | Germany | 88 |
| Israel | 18 | UK | 10 |
| Switzerland | 14 | Switzerland | 8 |
| UK | 9 | Austria | 8 |
| Austria | 8 | France | 8 |
| France | 6 | Israel | 7 |
| Holland | 4 | Holland | 4 |
| Slovenia | 2 | Slovenia | 2 |
| Belgium-Lux | 1 | Lybia | 2 |
| | | | |
| Total for Others | 151 | | 137 |
| Others not Listed | 5 | | 6 |
| Grand Total | 157 | | 145 |

Import

| | | | |
|---|---|---|---|
| Import Trade Matrix | | | |
| Country | Italy | | |
| Commodity | Hardwood Plywood | | |
| Time period | | Units: | 1,000 CUM |
| Imports for: | 1998 | | 1999 |
| U.S. | 28 | U.S. | 2 |
| Others | | Others | |
| Russia | 75 | Russia | 85 |
| Indonesia | 57 | Indonesia | 32 |
| Canada | 38 | Canada | 25 |
| Finland | 36 | Finland | 46 |
| France | 35 | France | 38 |
| Spain | 13 | Brazil | 23 |
| Austria | 12 | Austria | 16 |
| Cameroon | 10 | Spain | 12 |
| Brazil | 9 | Cameroon | 10 |
| Germany | 8 | Germany | 8 |
| Total for Others | 293 | | 295 |
| Others not Listed | 60 | | 64 |
| Grand Total | 381 | | 359 |

## MARKET SEGMENT ANALYSIS

### Construction Sector

The Italian building industry is one of the foremost sectors of the national economy and, overall, registered an upturn during 1999. The main reason for this positive trend is the increase in construction-related investments in public works projects and in the upgrading of existing housing stock. Much of these improvements in the public sector are infrastructure projects, due in part to special events such as the projects for the Jubilee Year Celebrations, public works following the earthquakes in the Umbria and Marche regions. The trend in investments in the upgrading of housing stock is the result of tax breaks introduced with the1998 National Finance Budget under which tax payers were granted an income tax allowance (41% in 98/99 and 36% in 00/01) for the expenses incurred in special maintenance and refurbishing work. Investments in operational building were also good, though somewhat less dynamic. In addition the value-added tax on construction works and materials dropped to 10% during 00/01. The tax deduction proved to be insufficient to discourage “black market” construction which is still very high in the building industry.

Table: Non- Residential Construction (Public and Private - New Construction Only)

| | Million Euro 1999 | Percent Change at Constant prices | | | | |
|---|---|---|---|---|---|---|
| | | 1998 | 1999 1) | 2000 2) | 2001 2) | 2002 3) |
| Residential Construction New | 17,883 | -6.0 | 1.2 | 2.1 | 1.9 | 2.3 |
| Renovation | 33,244 | 4.6 | 8.0 | 3.4 | -1.4 | 0.9 |
| Total | 51,127 | 0.5 | 5.5 | 3.0 | 0.3 | 1.4 |
| Non-Residential Construct. New | 16,408 | 0.6 | 4.0 | 2.6 | 2.3 | -1.5 |
| Renovation | 17,996 | 4.1 | 2.9 | 2.4 | 2.0 | 0.2 |
| Total | 34,404 | 2.4 | 3.4 | 2.5 | 2.1 | -0.6 |
| Building New | 34,291 | -3.0 | 2.5 | 2.3 | 2.1 | 0.5 |
| Renovation | 51,240 | 4.4 | 6.2 | 3.1 | -0.3 | 0.6 |
| Total | 85,531 | 1.3 | 4.7 | 2.8 | 0.6 | 0.6 |
| Civil Engineering New | 10,531 | 7.2 | 9.3 | 1.0 | 0.2 | 0.0 |
| Renovation | 13,553 | 10.2 | 6.3 | 2.7 | 1.5 | 1.3 |
| Total | 24,084 | 8.9 | 7.6 | 2.0 | 0.9 | 0.8 |
| Construction Sector Output | 109,616 | 2.9 | 5.3 | 2.6 | 0.7 | 0.6 |
| Services/Construction by other sectors, DIY/ Black Market | 18,791 | 2.2 | 4.8 | 2.5 | 0.9 | 0.9 |
| Total Construction Output | 128,407 | 2.8 | 5.2 | 2.6 | 0.7 | 0.7 |

1) Estimate 2) Forecasts 3) Outlook Source: Euroconstruct, 2000

Table: Non- Residential Construction (Public and Private - New Construction Only)

| | | Percent Change at Constant prices | | | | |
|---|---|---|---|---|---|---|
| | Million Euro 1999 | 1998 | 1999 1) | 2000 2) | 2001 2) | 2002 3) |
| Schools and University | 363 | 2 | 2 | 1.5 | 1.5 | 1 |
| Hospitals | 446 | 12 | 8.5 | 3 | 3 | 0.5 |
| Industrial Building | 6,508 | -2.2 | 3 | 2.3 | 2 | -0.9 |
| Office Buildings | 1,194 | -1.4 | 0.9 | 2 | 2 | -1 |
| Commercial Buildings | 2,358 | -1.6 | 0.9 | 2.5 | 2.5 | 1 |
| Miscellaneous | 5,540 | 5 | 7 | 2.9 | 2.7 | -3 |
| Total | 16,408 | 0.6 | 4 | 2.6 | 2.3 | -1.5 |

Source: Euroconstruct, 2000

Wood use in residential construction is still very limited. The main construction materials are bricks and masonry. A large part of the wood entering the Italian construction sector is utilized for joinery purposes, mainly doors, windows and flooring.

While wood use is still limited in traditional construction, it is used extensively as scaffolding and for concrete forms during the remodeling and erection of buildings. During the past year, however, there has been an increased use of wood in the construction of new roofs.

Promolegno has been formed with the joint cooperation of Austrian Wood Promotion Board (Proholz), Italian TimberTrade Association (Fedecomlegno) and Wood Industries Association (Federlegno) and the Italian Agent Association (Agelegno). The target of this organization is to promote wood use as a construction material mainly in the restructuring of building and in new roofs. Seminars are being conducted all over Italy in order to overcome an overall lack of awareness by developers and engineers about utilization of wood in construction.

Joinery Section

In Italy, as in Europe, the joinery portion of a house is held in high esteem. Windows, for example, are an integral part of the interior design and energy efficiencies are a very important factor.

There are strict standards and certification procedures to follow in the joinery sector and there are ongoing efforts to harmonize country standards on windows. Wood suppliers should be aware of the exacting technical and aesthetic standards for wood destined for the window sector. Value-added sales of U.S. products are possible if the U.S. supplier is willing to deliver wood processed and tailored to specifications desired by the wood window manufacturers in order to meet consumer preferences. There is a high level of technical performance demanded for windows. Thermal transmission through the window must be low; it must be airtight, and water should not accumulate in the frame, which would lead to wood swelling or eventually to decay. Profile designs for windows are very important.

PRODUCTION

General

With the improvement of the domestic building industry - through the renovation of old buildings, the wood joinery sector during 1999 grew by 12 percent. This positive trend is expected to continue in the year 2000.

The door and window industry is the principal user of high-quality softwood lumber. The Italian preference for these species is based on the appearance of the material and its technical characteristics --machine-ability, high dimensional stability, straight grain, high number of rings per inch, and low percentage of sapwood. Good machine-ability and high dimensional stability are highly valued by the manufacturers because of the sophisticated technology involved in the industrial process.

For many years the industry enjoyed a good supply of high quality lumber at reasonable prices. A reduction in supply, and increase in value of imported species however, has encouraged users to look for alternative species and use more semi-finished products such as end-edge glued stock as well as finger-jointed material.

Manufacturers of all-wood windows are facing increased competition from alternative materials and from the use of laminated window stock. The competition from laminated window stock is probably more threatening than that of alternative materials. In fact this component, which has two clear faces, has advantages over aluminum window stock plus all of wood's benefits.

Main wood species used for the window production follow:
Pine: European softwood
Douglas: North America
Hemlock: North America
Chestnut: Italy
Oak: North America, Europe, Asia
Meranti: South East Asia

Table - Total Window Trade (includes non wood) 1999

| | Imports | | | Exports | |
|---|---|---|---|---|---|
| | 1,000 Dollars | M.T. | | 000 Dollars | M.T. |
| Denmark | 9,185 | 1,813 | Greece | 2,434 | 341 |
| Switzerland | 8,320 | 1807 | U.S. | 2,361 | 239 |
| Austria | 1,417 | 245 | Germany | 1,947 | 319 |
| Slovenia | 1,386 | 248 | Russia | 1,585 | 249 |
| Congo | 603 | 646 | Switzerland | 1,286 | 146 |
| Others | 1,802 | 644 | Spain | 1,196 | 136 |
| | | | Israel | 950 | 124 |
| | | | Austria | 597 | 72 |
| | | | Others | 4,277 | 871 |
| Total | 22,713 | 5403 | Total | 16,633 | 2497 |

Table - Total Doors Trade (includes non wood) 1999

| | Imports | | | Exports | |
|---|---|---|---|---|---|
| | 000 Dollars | M.T. | | 000 Dollars | M.T. |
| Romania | 4,765 | 3,918 | Russia | 11,927 | 1,550 |
| Germany | 2,555 | 1,523 | Switzerland | 6,569 | 742 |
| Indonesia | 2,001 | 904 | Germany | 5,107 | 627 |
| Malaysia | 934 | 476 | Austria | 5,003 | 671 |
| Guatemala | 787 | 440 | Japan | 3,418 | 432 |
| Others | 4,881 | 2,281 | Greece | 2,569 | 498 |
| | | | Algeria | 1,899 | 201 |
| | | | Libya | 1,781 | 411 |
| | | | France | 1,589 | 212 |
| | | | Israel | 1,336 | 339 |
| | | | Hungary | 1,048 | 157 |
| | | | Others | 12,840 | 1,886 |
| Total | 15,923 | 9542 | Total | 55,086 | 7726 |

Italian Wood Parquet/Flooring

Wood flooring demand and production have been steadily growing. Wood flooring, including parquet, is becoming fashionable again and this is profoundly changing the wood flooring industry. The increasing consumption and the success of multilayer flooring are forcing processing companies to join forces and this will lead to further changes in the wood flooring industry. The increasing control of wood flooring distribution by large chains with more modern organization has created noticeable pressure on sales prices with a consequent increase in consumption. Italian producers are still considered small compared to north European companies; however, they are all very active in the sector. The cost of raw materials accounts for about 50 percent of the total cost of wood flooring. Production and consumption of multi-layer and solid wood floors are performing well while the mosaic parquet floor is decreasing.

The wood flooring industry is using more tempered hardwoods for the high quality and the beauty of these species. One fourth of the total wood flooring is being imported from Africa mainly from Ivory Coast and Nigeria. Italy also imports a good quantity of lumber from Germany, Austria and France, and imports are increasing from Croatia.

American hardwood industries could make significant strides in the Italian market with a range of species such as hard maple, red oak, black cherry and walnut and ash. However, a perception by some wood flooring manufacturers must be overcome that some raw materials and top layer material from North America has become quite expensive. European competition will be very strong in white oak and beech. U.S. hardwoods could maintain a good position in this sector as suppliers of raw materials or with semi-finished strips or planks for the flooring industries. Although no major changes are expected, U.S. wood suppliers should be aware that an European standardization for parquet and wood flooring will be finalized in the first half of 2001.

Demand for ecological-certified wood flooring is not yet very strong in Italy. It may change in the future even though it is not clear how many consumers will be willing to pay extra in order to have a certified wood floor.

| | Million US$ | MT | 000 SQ.MT. |
|---|---|---|---|
| Export | 44,4 | 25,208 | 2,361 |
| Import | 132.4 | 5,402 | 9,223 |

Furniture Section

Italy's leadership in the furniture and furnishing sector is built on solid foundations, on which investments in industrial design play a decisive role, offering a competitive advantage to Italian companies. For the second consecutive year the Italian furniture and furnishing sector improved during 1999. Domestic demand increased after a period of stagnation. In addition, the improvement of the construction industries has somewhat benefitted this sector.

As the world's leading furniture exporter, Italy accounts for 20% of world exports. The furniture export market didn't expand as expected in 1999 due to reduced furniture exports to Asia (Japan - 3%) and Russia (-36%), which occurred during the first half of the year. Europe is the preferred destination for Italian furniture with the EU accounting for 59 percent of exports. Italian exports to African countries (Algeria and Libya) increased by 37 percent. Developing countries are potential customers for middle and upper-middle range furniture being produced. However, competition is increasing from Spain and some Far Eastern countries, where production is expanding.

Furniture imports, even though quite low, registered an increase for the second consecutive year by growing 24 percent in value and 25 percent in volume. This trend should not be underestimated by Italian furniture producers.

Structure of the Italian Furniture Industry

The Italian furniture industry, as with most of such industries in Europe, is characterized by the presence of small to medium sized companies. There are three types of furniture manufacturers in Italy: the small workshop, mid-sized enterprises and large manufacturers.

1) The small workshop is usually a subcontractor working only on behalf of other furniture makers, or a workshop with its own limited output market.

2) Mid-sized enterprises often enter the export market by supplying large distribution chains or big retailers. These companies rarely work as subcontractors.

3) Large enterprises with more complex production and marketing organization: these companies sell their products on the domestic market and abroad.

The Triveneto district (the area situated in the North East of Italy) is becoming more and more important for the furniture industry. There are about 35,000 firms with a turnover of about $19 billion US. The sector employes 140,000 people and is responsible for about 50 percent of the total Italian furniture export.

The furniture sector is witnessing a change in furniture distribution. There are also preliminary initiatives for e-commerce in the furniture industry. The medium term perspective is for moderate growth in the business-to-consumer e-commerce of furniture.

However, in Italy there are still about 20,000 specialized furniture retail sale shops. The number of specialized furniture shops has drastically decreased but the remaining shops have increased their size. It is estimated that 76 percent of furniture is still being distributed by traditional furniture shops. The large distribution networks include the following chains: Mercatone Uno, Ikea,, Emmezeta, Divani &Divani, Demeraro Holding, Chateaux d’Ax, Ricci Casa, Emmelunga, Aventino Arredamenti, Consorzio Italiano Arredamenti, Bergamin, Casa Mercato, Aiazzone, Casa Italia, OltreFrontiera, Roche Bobois and many DIY groups.

| | Units | 1999<br>1$=1819 Lire | 1999-1998<br>% Difference |
|---|---|---|---|
| Turnover | Million US$ | 22,927 | 2.4 |
| Exports Furniture only | Million US$<br>Million US$ | 9,655<br>8,037 | -0.2<br>0 |
| Imports Furniture only | Million US$<br>Million US$ | 1,150<br>833 | 19.4<br>24 |
| Trade Balance | Million US$ | 8,505 | -2.4 |
| Consumption | Million US$ | 14,422 | 5.6 |
| Employees | Units | 229,365 | 0.8 |
| Number of firms | | 38,930 | 0.6 |

Source: Federlegno Arredo/ISTAT

Handling Material

Wood Packaging

During 1999, the pallet /packaging production in Italy increased by 6.5 percent. The packaging sector turnover is estimated at $11 billion US and employees about 60,000 people. Italy imports about 80 percent of the wood needed in the whole packaging sector (mainly poplar and softwoods) for a value of two billion US$. The cost of raw materials continues to increase and has an impact on producers.

The pallet sector is going through radical changes. The Centromarca pallet, a typical Italian pallet, which was well accepted until two years ago on the European market, cannot be produced as of March 1, 1999. All pallet producers and distributors from that date will have to renew their pallet stocks by producing and purchasing Epal (Euro pallets). The transition period for the complete change in order to have one pallet standard will end January 2003.

Pallet EUR-Epal Italy, 1999
- produced 4,274,000 units
- Repaired 65,926 units

The use of OSB (Oriented Strand Board) for wood industrial packaging is being discussed by the Italian Wood Packaging Assn.

Wooden crates and boxes represent 58 percent of the total wood packaging. Most is used in transporting fruit and vegetables from farm to market. The wood used in the production of crates is generally low quality. For lightweight crates, sliced poplar veneer is often used as siding while beech is used for corners and particle board as bottoms. Sales of wooden produce crates are stronger in the Northern and Central producing regions of Italy.
However, wood utilization in this sector is decreasing.

Pallets, Italian Trade, 1999

| | Million US$ | No. of Units |
|---|---|---|
| Export | 56.3 | 2,986,132 |
| Import of which<br>from U.S. | 73.8<br>1.2 | 7,992,855<br>13,842 |

Crates, Italian Trade, 1999

| | Million US$ | MT |
|---|---|---|
| Export | 12.7 | 11,330 |
| Import | 8.8 | 12,595 |

Moldings and strips for Frames, 1999

| | Unit | 1999 |
|---|---|---|
| Turnover | Million US$ | 288.6 |
| Production 1999/1998 | Percent | 1.3 |
| Export | Million US$ | 207.8 |
| Number of Firms | | 150 |
| Number of Employeese | | 2,250 |

Italian Wood and Wood Products Trade Shows

| Name of Show | Location | Dates | e-mail address |
|---|---|---|---|
| SACA Europe Moldings, Frames, Picture Frames, Accessories and Technologies | Bologna | February 15-18,2001 | www.smart.it/SACA |
| SAIEDUE Interior architecture, building renewal,technologies and finishing | Bologna | March 21-25, 2001 | www.smart.it/saiedue |
| SASMIL Ancillary products and semi-finished products for the wood industry | Milano | May 21-25,2002 | www.cosmit.it |
| SALONE DEL MOBILE Furniture show Eurocucine (Kitchen) EIMU - (Office) SALONE Complemento Arredo(furnishings) | Milan | April 4-9,2001 | www.salonedelmobile.com |
| Salone della Sedia International Chair Fair | Udine | Sept. 8-11,2001 | www.fieraudine.it www.promosedia.it |
| Salone del Mobile Triveneto | Verona | Sept. 13-17,2001 | www.veronafiere.it |
| ABITARE IL TEMPO Furniture and interior decorating products | Verona | October 2001 | www.veronafiere.it |
| PMT | Padova | September 2001 | |
| SAIE International Building Material Show | Bologna | October 17-21,2001 | www.bolognafiere.it /saie |

Italian Contacts for Interested U.S. Exporters

| Federations / Associations | Name and Address | Tel | FAX | e-mail |
|---|---|---|---|---|
| Italian Wood Federation | Federlegno Arredo Via Foro Bonaparte 65 20121 Milano | 39- 02 806041 | 39- 02 80604392 | www. federlegno.it |
| Italian Agent Association | Agelegno Piazza San Martino 1 40126y Bologna | 39-051 227122 | 39 -051 265976 | agelegno@mbox. queen.it http:7/mall. queen.it/ agelegno |
| Wood Flooring, Joinery Pre-fab for Construction | Edilegno Via Foro Bonaparte 65 20121 Milano | 39- 02 806041 | 39- 02 80604392 | edillegno@ federlegno.it |
| Furniture | AssArredo Via Foro Bonaparte 65 20121 Milano | 39- 02 806041 | 39- 02 80604392 | assarredo@ federlegno.it |
| Saw mills, Industrial packaging, pallets | AssoLegno Via Foro Bonaparte 65 20121 Milano | 39- 02 806041 | 39- 02 80604392 | assolegno@ federlegno.it |
| Panels, plywood, fiberboard, particle board, veneer | AssoPannelli Via Foro Bonaparte 65 20121 Milano | 39- 02 806043521 | 39- 02 80604395 | assopannelli@de derlegno.it |
| Frames, DIY | Specialegno Via Foro Bonaparte 65 20121 Milano | 39- 02 806041 | 39- 02 80604392 | specialegno@fed erlegno.it |
| Pallet | EPAL CN Italia Qualipal Italia Via Foro Bonaparte 65 20121 Milano | 39- 02 806041 | 39- 02 80604392 | qualipa@federleg no.it |

Forest Product

| STRATEGIC INDICATOR TABLES FOR (COUNTRY) | | | |
|---|---|---|---|
| (Please do not add/delete rows or columns -- note and other info must be added below row 110 -- thank you!) | | | |
| | | | |
| CONSTRUCTION MARKET | | | |
| Country: | Previous | Current | Following |
| Report Year: | Calendar Year (1999) | Calendar Year(2000) | Calendar Year(2001 ) |
| Total Housing Starts (thousand units) | 215 | 216 | 214 |
| --of which, wood frame (thousand units) | not available | not available | not available |
| --of which, steel, masonry, other materials (thousand units) | 212 | 213 | 211 |
| --of total starts, residential (thousand units) | | | |
| ----of residential, single family (thousand units) | 52 | 52 | 50 |
| ----of residential, multi-family (thousand units) | 124 | 124 | 124 |
| --of total starts, commercial (thousand units) | Units not available | | |
| Total Value of Commercial Construction Market (Billion Euro) 1) | 16,408 | 16,835 | 17,222 |
| Total Value of Repair and Remodeling Market (Billion EURO | 51,240 | 50,230 | 52,670 |
| | | | |

1/ Total Value New Residential Construction 17,883 Million Euro
Total Value New non residential construction 16,408 Million Euro

Material Handling Market

| Country: | Previous | Current | Following |
|---|---|---|---|
| Report Year: | Calendar Year | Calendar Year | Calendar Year |
| Total Value of Industrial Output ($US billion) | 11 | 11 | 11 |
| New Pallet Production (000 units) Pallet EUR EPAL | 4,274 | 4,800 | 44,800 |

Forest Area

| Country: | Previous | Current | Following |
|---|---|---|---|
| Report Year: | Calendar Year | Calendar Year | Calendar Year |
| Total Land Area (million hectares) | 30,250 | 30,250 | 30,250 |
| Total Forest Area (million hectares) | 9,890 | 9,900 | 9,900 |
| --of which, Commercial ('000 hectares) | 6,821 | 6,875 | 6,890 |
| ----of commercial, tropical hardwood ('000 hectares) | not applicable | not applicable | not applicable |
| ----of commercial, temperate hardwood ('000 hectares) | 5,320,000 | 5,325,000 | 5,328,000 |
| ----of commercial, softwood ('000 hectares) | 1,508,000 | 1,508,500 | 1,508,500 |
| Forest Type | | | |
| --of which, virgin ('000 hectares) | n/a | n/a | n/a |
| --of which, plantation ('000 hectares) Poplar | o/a 99 | o/a 97 | o/a 97 |
| --of which, other commercial (regrowth) ('000 hectares) | | | |
| Total Volume of Standing Timber (thousand cubic meters) | | | |
| --of which, Commercial Timber ('000 cum) | not available | | |
| Annual Timber Removal ('000 cum) 1/ | 8,800 | 8,810 | 8,825 |
| Annual Timber Growth Rate (percent) | 3 | 3 | 4 |
| Annual Allowable Cut ('000 cum) | 31,974 | 32,000 | 32,000 |
| | | | |
| 1/ If Removals exceeds growth rate, analyze impact in text. | | | |

Wood Product Subsidies

| | | | |
|---|---|---|---|
| Country: | Previous | Current | Following |
| Year of Report | Calendar Year | Calendar Year | Calendar Year |
| Total Solid Wood Export Subsidy Outlay ($US million) | | | |
| Is there a ban on the export of logs, lumber, or veneer? 1/ | | | |
| Are there export taxes (yes/no)? 2/ | no | no | no |
| Total Wood Production Subsidy ($US million) | n/a | n/a | n/a |
| Scope (thousands of hectares) | | | |
| Are there other wood products export expansion activities? 1/ | | | |
| | | | |
| 1/ If yes, describe in report. | | | |
| 2/ If yes, identify in Tariff and Tax Strategic Indicator Table. | | | |

Forest Product Tariffs and Taxes (percent)

| Country: | Product | Current | Following | Import | Total Cost | Export |
|---|---|---|---|---|---|---|
| Report Year: | Description 1/ | Year | Year | Taxes/ Fees | of Import 2/ | Tax |
| 4401 | Wood chips | free | free | none | none | none |
| 4403.10.10 | treated softw.pole | free | free | | | |
| 4403 | logs | free | free | | | |
| 4404 | Hoopwood | free | free | | | |
| 4405 | wood&flour | free | free | | | |
| 4406 | railway sleepers | free | free | | | |
| 4407 .10 | lumber | free | free | | | |
| 4407.10 .31, 33,38, 79 | lumber Soft wood | free | free | | | |
| 4407.10 91, 93, 98 | lumber Swood | free | free | | | |
| 4407.24 15 | tropical, lumber | 4.9 | 5 | | | |
| 4407.24.30 | Tropical lumber, planes | 4 | 4 | | | |
| 4408.10.15 | veneer | 3 | 3 | | | |
| 4408.10.93 | Veneer, other | 4 | 4 | | | |
| 4408.31.11 | Dark Red Meranti, finger-jointed | 4.9 | 5 | | | |
| 4409.10 .11 & 20.11 | frame molding | free | free | | | |
| 4410 | particle board | 7 | 7 | | | |
| 4411 | fiberboard | 7 | 7 | | | |
| 4412 | plywood | 7 | 7 | | | |
| 4413 | densified wood | free | free | | | |
| 4414 | frames | free | free | | | |
| 4415 | crates & pallets | 4 | 4 | | | |
| 4416.00.10 | Oak staves | free | free | | | |
| 4416.00.90 | wine barrel | free | free | | | |
| 4417.00.20 | tool handles | free | free | | | |
| 4418.10. | windows | 3 | 3 | | | |
| 4418.20. | Doors | free | free | | | |
| 4418.30. | Parquet panels | free | free | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4418. 40 | Concrete forming p. | free | free | | | |
| 4418.90.10 | Glue-lam | free | free | | | |
| 4419 | Table&kitchen ware | free | free | | | |
| 4420 | Marquetry | 3 | 3 | | | |
| 4421.10. | Clothes hangers | free | free | | | |
| 4422 | | | | | | |
| 4423 | | | | | | |
| 4424 | | | | | | |
| 4425 | | | | | | |
| Prefabricated Houses a sub | Prefabricated houses | 3 | 3 | | | |
| section under chapter 96 | | | | | | |

1/ Insert additional lines for Commodity tariff identification should tariffs vary within the four-digit designation for major products exported by the U.S. (e.g., 4412.19: softwood plywood 3%, 4412.XX: other plywood, 9%).
2/ Calculate as tariff plus other import taxes/fees assuming a commodity value of $100.